

Basel III: Pillar 3 Disclosures
as at 30 June 2016

(Currency: Indian rupees in million)

1. Capital Adequacy
Qualitative disclosures

The CRAR of the Bank is 18.19% as computed under Basel III norms, which is higher than the minimum regulatory CRAR requirement (including CCB) of 9.625%.

The Bank's capital management framework is guided by the existing capital position, proposed growth and strategic direction. Growth opportunities have resulted in an increasing and continuing need to focus on the effective management of risk, and commensurate capital to bear that risk. The Bank carefully assesses its growth opportunities relative to the capital available to support them, particularly in the light of the economic environment and capital requirements under Basel III. The Bank maintains a strong discipline over capital allocation and ensuring that returns on investment cover capital costs.

Quantitative disclosures

Particulars	30 Jun 16
A Capital requirements for Credit Risk (<i>Standardised Approach</i>) *	25,514
B Capital requirements for Market Risk (<i>Standardised Duration Approach</i>) *	
- Interest rate risk	3,925
- Foreign exchange risk	360
- Equity risk	69
C Capital requirements for Operational risk (<i>Basic Indicator Approach</i>) *	1,554
D CET1 Capital Ratio (%)	12.67%
E Tier1 Capital Ratio (%)	12.67%
F Total Capital Ratio (%)	18.19%

* Capital required is calculated at 8% of Risk Weighted Assets for CVA, Market Risk and Operational Risk and at 9.625% of Risk Weighted Assets for others.

2. General Disclosures

As part of overall corporate governance, the Group Board has approved a comprehensive Integrated Risk Framework covering risk governance for all risk types and for all entities within the Group, including India. This framework defines authority levels, oversight responsibilities, policy structures and risk appetite limits to manage the risks that arise in connection with the use of financial instruments. On a day-to-day basis, business units have primary responsibility for managing specific risk exposures while Risk Management Group (RMG) exercises independent risk oversight on the Bank. RMG is the central resource for quantifying and managing the portfolio of risks taken by the Group as a whole.

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2. General Disclosures (Continued)**A) General Disclosures for Credit Risk*****Qualitative Disclosures*****Credit Risk Management Policy**

The credit policies and basic procedures of the Bank relating to its lending activities are contained in the Local Credit / Loan Policy of the Bank, Core Credit Policy at Singapore and the Credit Manual. These are based on the general credit principles, directives / guidelines issued by the RBI from time to time as well as instructions and guidelines of DBS Bank Ltd, Singapore (hereinafter referred to as 'the Head Office'). In the unlikely event of any conflict amongst the RBI guidelines and Head Office Guidelines, the more conservative policy / guideline is followed.

The Core Credit Policy and the Credit / Loan policy outlines the Bank's approach to Credit Risk Management and sets out the rules and guidelines under which the Bank would develop and grows its lending business. These policies provide guidance to the Bank's Corporate Banking, SME Banking and Financial Institutions Group to manage the growth of their portfolio of customer assets in line with the Bank's credit culture and profitability objectives, taking into account the capital needed to support the growth.

Supplementary policies to the main Core Credit Policy and the Credit / Loan policy have also been laid out, for certain types of lending and credit-related operations. These include subject specific policies relating to risk ratings, Default policy, Specialized Lending etc., as well as guidelines for Real Estate lending, NBFC lending, hedging of FX exposures, credit risk mitigation, sectoral and individual / group borrower limits, bridge loans, bill discounting, etc.

The Credit Risk management approach for Consumer banking business is derived from the Consumer Banking Credit Risk Policy (CBCRP), supplemented by the Risk Acceptance Criteria (RACs). These policies provide guidance on various aspects such as Policy Governance, Roles & Responsibilities, Credit Approval, Credit Management Process, evaluation of higher Risk Credits etc.

Responsibility for monitoring post-approval conditions resides with the Credit Control Unit (CCU), which reports in to Head of CCU in Singapore, with local oversight of the Senior Risk Executive (SRE) in India. The responsibility for risk reporting is with the Credit Risk - COO team which reports to the SRE in India. The Risk Based Supervision (RBS) submission to RBI contains further details on the same.

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines. NPA's are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

Quantitative Disclosures**Credit Exposure**

Particulars	30 Jun 16
Fund Based *	224,596
Non Fund Based **	185,821

* Represents Gross Advances and Bank exposures.

** Represents trade and unutilized exposures after applying credit conversion factor and Credit equivalent of FX/derivative exposures.

The Bank does not have overseas operations and hence exposures are restricted to the domestic segment.

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2. General Disclosures (*Continued*)
Quantitative Disclosures (Continued)
Industry wise Exposures (Fund Based exposures)

Industry	30 Jun 16
Bank *	64,498
Construction	22,045
Infrastructure - Energy - others	13,689
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	10,438
Infrastructure - Telecommunication	9,626
Basic Metal & Metal products - Iron and Steel	9,164
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	8,003
Mining and Quarrying - Others	6,896
Vehicles, Vehicle Parts and Transport Equipments	6,498
Non-Banking Financial Institutions/Companies	6,320
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	5,270
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	5,180
Food Processing - Edible Oils and Vanaspati	5,136
Paper and Paper Products	3,884
Trading Activity	3,587
Home Loans	3,552
Infrastructure - Transport - Roadways	3,520
Water sanitation	3,363
All Engineering - Others	3,259
Rubber, Plastic and their Products	2,893
All Engineering - Electronics	2,768
Food Processing - Others	2,766
Infrastructure - Electricity (generation-transportation and distribution)	2,646
Transport Operators	2,345
Beverages	2,292
Other Industries	2,143
Computer Software	1,947
Metal and Metal Products	1,929
Other Services	978
Social & Commercial Infrastructure	972
Professional Services	918
Textiles - Cotton	760
Coal	749
Textiles - Others	734
Wood and Wood Products	733
Loan Against Property	636
Tourism, Hotel and Restaurants	559
Tea	511
Glass & Glassware	349
Aviation	274
Leather and Leather products	240
Retail Trade	164
Sugar	145
Cement and Cement Products	105
Wholesale Trade (other than Food Procurement)	64
Coffee	48
Total Credit Exposure (fund based)	224,596

* Includes advances covered by Letters of Credit issued by other Banks.

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2. General Disclosures (*Continued*)
Quantitative Disclosures (Continued)
Industry wise Exposures (Non - Fund Based exposures)

Industry	30 Jun 16
Banks	68,776
Financial Institutions	29,858
Metal and Metal Products	7,807
Trading Activity	6,462
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	6,268
Non-Banking Financial Institutions/Companies	5,644
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	5,543
Other Services	5,420
Infrastructure - Electricity (generation-transportation and distribution)	5,124
Other Industries	5,041
Infrastructure - Transport - Ports	4,707
Vehicles, Vehicle Parts and Transport Equipments	3,905
All Engineering - Others	3,210
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	3,013
Infrastructure - Energy - others	2,871
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	2,844
Construction	2,669
Infrastructure - Telecommunication	2,402
Computer Software	1,914
Rubber, Plastic and their Products	1,456
Basic Metal & Metal products - Iron and Steel	1,244
Food Processing - Edible Oils and Vanaspati	1,023
Cement and Cement Products	987
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	968
Mining and Quarrying - Others	900
All Engineering - Electronics	768
Retail Others	726
Paper and Paper Products	646
Professional Services	469
Infrastructure - Transport - Roadways	466
Beverages	408
Petro-chemicals	387
Food Processing - Others	354
Wholesale Trade (other than Food Procurement)	299
Textiles - Others	285
Wood and Wood Products	273
Glass & Glassware	170
Transport Operators	169
Food processing - Coffee	129
Food Processing - Tea	41
Tourism, Hotel and Restaurants	40
Agriculture & allied activities	40
Food processing - Sugar	33

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3. General Disclosures (*Continued*)*Quantitative Disclosures (Continued)***Industry wise Exposures (Non - Fund Based exposures)**

Industry (<i>Continued</i>)	30 Jun 16
Infrastructure - Water sanitation	28
Infrastructure - Others	19
Textiles - Spinning Mills	13
Leather and Leather products	2
Total Credit Exposure (non-fund based)	185,821

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2. General Disclosures (*Continued*)
Maturity of Assets as at 30 June 2016

Particulars	Cash	Balance with RBI	Balance with Banks	Investments	Loans & Advances (net of provisions)	Fixed Assets	Other Assets
1 day	48	5,186	4,377	107,692	25,856	-	2,321
2-7 days	-	586	-	4,769	1,845	-	127
8-14 Days	-	392	-	2,050	6,113	-	109
15-28 Days	-	468	-	2,072	15,481	-	331
29 Days-3 Months	-	1,295	-	6,693	12,334	-	523
3-6 Months	-	102	-	2,630	34,096	-	369
6 Months - 1 Year	-	507	1,688	3,569	26,629	-	477
1-3 Years	-	535	1,688	5,390	58,943	-	443
3-5Years	-	116	5,064	3,331	6,001	-	153
Over 5Years	-	3,537	-	26,141	15,083	743	49,000
Total	48	12,724	12,817	164,336	202,381	743	53,853

Note: The same maturity bands as used for reporting positions in the ALM returns have been used by the Bank.

Basel III: Pillar 3 Disclosures (Continued)
as at 30 June 2016

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2. General Disclosures (Continued)
Classification of NPA's

Particulars	30 Jun 16
Amount of NPAs (Gross)	15,924
Substandard	3,680
Doubtful 1	8,081
Doubtful 2	3,414
Doubtful 3	749
Loss	-

Movement of NPAs and Provision for NPAs

Particulars	30 Jun 16
A Amount of NPAs (Gross)	15,924
B Net NPAs	6,687
C NPA Ratios	
- Gross NPAs to gross advances (%)	7.52%
- Net NPAs to net advances (%)	3.30%
D Movement of NPAs (Gross)	
- Opening balance as of the beginning of the financial year	16,327
- Additions	22
- Reductions on account of recoveries/ write - offs	425
- Closing balance	15,924
E Movement of Provision for NPAs	
- Opening balance as of the beginning of the financial year	8,661
- Provision made during the year	584
- Write - offs / Write - back of excess provision	8
- Closing balance	9,237

General Provisions

In accordance with RBI guidelines, the Bank maintains provision on standard advances, standard derivative exposures and provision on Unhedged Foreign Currency Exposure (UFCE). Movement in general provisions is detailed below

Particulars	30 Jun 16
Opening Balance	1,117
Add: Provisions Made During the Year	74
Less: Write off / Write back of Excess provisions during the Year	-
Closing Balance	1,191

Basel III: Pillar 3 Disclosures (Continued)
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Amount of Non-Performing Investments and Provision for NPIs

Non-Performing Investments and Provision for NPIs is given below:

Particulars	30 Jun 16
A Amount of Non-Performing Investments (Gross)	273
B Amount of provisions held for non-performing investments	24

Movement in Provisions held towards Depreciation on Investments

Movement in Provisions held towards Depreciation on Investments is given below:

Particulars	30 Jun 16
Opening Balance	24
Add: Provisions made during the year	-
Less: Write off / Write back of excess provisions during the year	-
Closing Balance	24

Industry wise Past Due Loans

Particulars	30 Jun 16
Basic Metal & Metal products - Iron and Steel	3,576
Paper and Paper Products	2,802
Construction	2,197
Infrastructure - Transport - Roads & Bridges	358
Trading Activity	341
Glass & Glassware	299
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	163
Basic Metal & Metal products - Other Metal and Metal Products	75
All Engineering - Electronics	61
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	33
Tourism, Hotel and Restaurants	5
Total	9,910

Ageing of Past Due Loans

Particulars	30 Jun 16
Overdue upto 30 Days	4,688
Overdue between 31 and 60 Days	3,645
Overdue between 61 and 90 Days	1,577
Total	9,910

The Bank does not have overseas operations and hence amount of NPAs and past due loans are restricted to the domestic segment.

Basel III: Pillar 3 Disclosures (Continued)
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Industry wise NPAs

Particulars	Amount of NPA	Specific Provision
Water sanitation	3,363	1,449
Basic Metal & Metal products - Iron and Steel	2,308	439
Infrastructure - Electricity (generation-transportation and distribution)	1,741	1,208
All Engineering - Others	1,267	1,183
Computer Software	947	899
Social & Commercial Infrastructure	836	647
Transport Operators	802	492
Infrastructure - Transport - Roadways	798	488
Coal	749	717
Construction	713	405
Textiles - Cotton	610	91
Mining and Quarrying - Others	480	360
Food Processing - Edible Oils and Vanaspati	316	237
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	282	134
All Engineering - Electronics	218	55
Food Processing - Others	214	159
Textiles - Others	147	147
Beverages	86	80
Infrastructure - Telecommunication	47	47
Total	15,924	9,237

Industry wise General Provisions

Particulars	30 Jun 16
Financial Institutions / Advances backed by Banks	273
Construction	224
Infrastructure - Energy - Oil/Gas/Liquefied Natural Gas (LNG) storage facility	73
Non-Banking Financial Institutions/Companies	56
Other Services	51
Infrastructure - Telecommunication	44
Chemicals and Chemical Products (Dyes, Paints, etc.) - Drugs and Pharmaceuticals	42
Vehicles, Vehicle Parts and Transport Equipments	39
Chemicals and Chemical Products (Dyes, Paints, etc.) - Fertilisers	32
Basic Metal & Metal products - Iron and Steel	31
Trading Activity	27
Mining and Quarrying - Others	26
Financial Institutions	26
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	25
Beverages	20
Food Processing - Edible Oils and Vanaspati	19
Chemicals and Chemical Products (Dyes, Paints, etc.) - Others	18
Paper and Paper Products	17
Other Industries	18
Rubber, Plastic and their Products	15
Food Processing - Others	11
Infrastructure - Transport - Roadways	11
Metal and Metal Products	10
All Engineering - Electronics	10
All Engineering - Others	10

Basel III: Pillar 3 Disclosures (Continued)
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Industry wise General Provisions (Continued)

Particulars	30 Jun 16
Infrastructure - Energy - Others	9
Transport Operators	8
Infrastructure - Electricity (generation-transportation and distribution)	6
Infrastructure - Transport - Ports	6
Petro-chemicals	6
Computer Software	5
Wood and Wood Products	4
Professional Services	4
Textiles - Others	4
Tourism, Hotel and Restaurants	2
Food Processing - Tea	2
Glass & Glassware	1
Cement and Cement Products	1
Aviation	1
Leather and Leather products	1
Textiles - Cotton	1
Food processing - Sugar	1
Infrastructure - Others	1
Total	1,191

Industry wise Specific Provisions (net of write-backs)

Particulars	30 Jun 16
Coal	364
Food Processing - Edible Oils and Vanaspati	128
Food Processing - Others	54
All Engineering - Electronics	23
Infrastructure - Water sanitation	15
Infrastructure - Telecommunication	(1)
Basic Metal & Metal products - Iron and Steel	(7)
Total	576

The Bank does not have overseas operations and hence amount of NPAs and past due loans are restricted to the domestic segment.

Industry wise write-off's during the current period

There were no write-off's during the current period.

Basel III: Pillar 3 Disclosures (Continued)*as at 30 June 2016*

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3. Disclosures for Credit Risk: Portfolios subject to Standardised approach***Qualitative Disclosures***

Currently based on our clientele, ratings of the following agencies have been used i.e. CARE, CRISIL, India Ratings and Research Private Ltd., ICRA, Brickwork, SME Rating Agency Pvt Ltd (SMERA), Standards & Poors, Moody's and Fitch for all exposures. The Bank assigns Long term credit ratings accorded by the chosen credit rating agencies for assets which have a contractual maturity of more than one year. However, in accordance with RBI guidelines, the Bank classifies all cash credit exposures as long term exposures and accordingly the long term ratings accorded by the chosen credit rating agencies are assigned. The Bank uses both issue specific and issuer ratings. In accordance with RBI guidelines, for risk-weighting purposes, short-term ratings are deemed to be issue-specific.

Quantitative Disclosures

Categorization of Credit Exposures (Fund and Non Fund based) * classified on the basis of Risk Weightage is provided below:

Particulars	30 Jun 16
< 100 % Risk Weight	258,152
100 % Risk Weight	120,884
> 100 % Risk Weight	21,982
Total	401,018

* Credit Exposures are reported net of NPA provisions and provision for diminution in fair value of restructured advances classified as Standard.

LEVERAGE RATIO

The leverage ratio has been calculated using the definitions of capital and total exposure. The Bank's leverage ratio, calculated in accordance with the RBI guidelines under consolidated framework is as follows:

Particulars	30 Jun 16
Tier I Capital @	41,466
Exposure Measure	595,698
Leverage Ratio	6.96%

@ Net of Capital Conservation Buffer (CCB)